



State of Arizona

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FOR IMMEDIATE RELEASE
January 17, 2014

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Governor Jan Brewer Releases Executive Budget for Fiscal '15 *Plan Enhances Arizona's Competitiveness, Advances Core Priorities*

PHOENIX – Governor Jan Brewer today unveiled her fiscal 2015 Executive Budget. In keeping with her mission to increase Arizona's long-term competitiveness and sustainability, her proposed budget continues to spend wisely and prudently, prioritizing critical policy areas, including: child protection; public safety; K-12 and higher education; infrastructure; military installation preservation, fire prevention; and good government.

A top priority for Governor Brewer – and reflected in the Executive Budget proposal – is the immediate need to reform Arizona's child welfare system to effectively protect Arizona's abused and neglected children. On Monday, Governor Brewer re-organized via Executive Order a new cabinet-level Division of Child Safety and Family Services (DCSFS), with the ultimate mission of making the Division a permanent agency, autonomous from the Department of Economic Security (DES).

For this new Division – and eventually, the new statutorily-created agency – to be successful, the FY '15 Budget increases the personnel dedicated to the mission of child safety by including funding for 68 additional Office of Child Welfare investigators; 212 additional case-carrying workers; and 120 additional staff, including supervisors, assistant program managers, case aids and support staff. The Governor's budget also calls for \$25 million in one-time spending to cover capital, technology and other costs associated with creating a new, separate agency.

The Governor's complete and detailed budget proposal can be fully reviewed online at:
<http://www.azgovernor.gov/Priorities/BudgetInfo.asp>

The following is Governor Brewer's budget message to members of the Arizona Legislature:

For the past five years, Arizona has walked a narrow budget path, maintaining funding for critical areas of government while addressing a structural budget deficit brought on by years of mismanagement and the devastating impacts of the Great Recession. Throughout this process, we have adhered to strong conservative principles, including prioritizing public safety; reforming, modernizing and streamlining State Government; enhancing Arizona's economic competitiveness; and focusing State spending on its core functions.

Maintaining a high level of discipline has not been easy, but it has paid off, and it must continue to serve as a hallmark of State Government.

The large ending balance achieved in FY 2013 was mainly a result of the temporary tax implemented as a bridge to fiscal viability through the recession. The tax's expiration is the fulfillment of a promise made to the voters who approved it; however, the loss of the temporary revenue has pulled the State's General Fund budget back into a temporary imbalance. This result was expected, and planning for it produced the necessarily large cash balance with which the State ended FY 2013.

While this temporary imbalance was foreseen, it must be rectified as quickly as possible. My budget achieves that objective, and, by staying our course, fiscal balance will be restored in FY 2016. There has been, and will continue to be, a chorus of calls for more spending in the next fiscal year. However, it is imperative that we remain faithful to our proven principles and carry through on our promises to reestablish a strong fiscal foundation.

This year, my budget follows through on those promises by:

- proposing a balanced budget for FY 2015 that is free of fiscal bridges and temporary measures,*
- identifying a path that will bring the State to full structural balance by FY 2016,*
- continuing to modernize State Government,*
- reforming the management structure of Child Protective Services (CPS), and*
- taking the next step in K-12 performance funding.*

We will achieve these objectives while adding to our Budget Stabilization Fund.

In addressing the State's structural deficit, we recognize that imbalanced budgets are products not only of overly optimistic revenue forecasts but also of poor spending decisions. Long-term neglect of the State's core operating infrastructure to create spending capacity for pet political projects has left the operations of the State at risk. We have launched the modernization of our technology systems, and now we must begin the long-term process of addressing critical building systems and statewide infrastructure.

Modernizing State Government also requires that we reexamine our budget processes and priorities. Historically, State budgeting has begun and ended with responses to growing demands for State services. When a person has qualified to receive a service – whether assistance for the needy or enrollment in a public school, college or university — the State has simply added more money to the pot. That process must change. Budgeting must be more strategic, and it must be more outcome-based.

Further, to reach for a higher plateau of fiscal management while more effectively caring for neglected, abused and abandoned children, we must free CPS from the Department of Economic Security. I call on the Legislature to make the necessary budget changes to see that process through to a successful conclusion. A streamlined, stand-alone CPS will provide greater transparency and accountability while allowing the agency to focus solely on its top priority: child safety. Moreover, demanding higher performance standards and providing meaningful resources will ultimately improve outcomes for Arizona's most vulnerable children.

Finally, my proposal continues K-12 education reforms, launched last year, by fully implementing a performance-based funding model that centers on individual student outcomes. This plan will reward schools for each student who earns high marks or achieves measurable improvement. We cannot ignore the base cost of educating each student, but we can inject into our education system appropriate incentives to encourage the learning outcomes our children deserve.

We should be proud of what we have accomplished together these past few years. State Government has made great strides toward the turnaround I envisioned when I first stood before you. We must remain steadfast in our commitment to sound fiscal policy and budget practices that have driven the Arizona Comeback.

Sincerely,

Janice K. Brewer
Governor

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